

Selected Monthly Economic Indicators

Selected Indicators	Maryland					U.S.				
	May 2000	April 2000	Percent Change From Last Month	May 1999	Percent Change From Last Year	May 2000	April 2000	Percent Change From Last Month	May 1999	Percent Change From Last Year
Labor Market										
Labor Force (U.S. in Thousands)	2,812,706	2,793,690	0.68	2,738,395	2.71	140,395	140,403	-0.01	138,919	1.06
Employment (U.S. in Thousands)	2,721,577	2,713,509	0.30	2,643,695	2.95	134,961	135,215	-0.19	133,411	1.16
Unemployment Rate	3.2	2.9	10.34	3.5	-8.57	3.9	3.7	5.41	4.0	-2.50
Sun Help-Wanted Counts, Baltimore MSA	42,867	52,003	-17.57	36,218	18.36					
Initial Claims for Unemployment Insurance	12,941	12,425	4.15	12,281	5.37	1,090,067	1,005,223	8.44	1,051,759	3.64
TCA Caseload	30,493	29,175	4.52	33,977	-10.25					
TCA Cases Closed	2,749	2,838	-3.14	4,385	-37.31					
Jobs & Sectors										
Total Non-Agricultural Employment (Thousands)	2,454.2	2,435.3	0.78	2,391.4	2.63	132,326	131,267	0.81	129,031	2.55
Mining (Thousands)	1.4	1.5	-6.67	1.4	0.00	537	532	0.94	531	1.13
Construction (Thousands)	157.9	155.9	1.28	150.3	5.06	6,731	6,531	3.06	6,430	4.68
Manufacturing (Thousands)	177.8	177.6	0.11	176.4	0.79	18,444	18,423	0.11	18,517	-0.39
FIRE (Thousands)	139.8	140.2	-0.29	139.6	0.14	7,604	7,581	0.30	7,556	0.64
TCU (Thousands)	115.3	113.6	1.50	111.4	3.50	6,971	6,938	0.48	6,807	2.41
Trade (Thousands)	561.4	556.8	0.83	549.4	2.18	30,234	29,977	0.86	29,708	1.77
Service (Thousands)	836.9	831.9	0.60	813.1	2.93	40,388	40,240	0.37	38,979	3.61
Business (Thousands)	209.8	207.9	0.91	203.2	3.25	9,693	9,639	0.56	9,155	5.87
Health (Thousands)	198.5	198.4	0.05	196.7	0.92	10,088	10,081	0.07	9,966	1.23
Government (Thousands)	463.7	457.8	1.29	449.8	3.09	21,417	21,045	1.77	20,503	4.46
Average Weekly Earning (\$)	609.14	611.56	-0.40	616.98	-1.27	591.19	595.89	-0.79	577.55	2.36
Average Weekly Hours	40.8	41.1	-0.73	42.0	-2.86	41.4	41.7	-0.72	41.7	-0.72
Business & Consumer Markets										
BWI Cargo (Metric Tons)	17,990	16,968	6.02	13,219	36.09					
BWI Passengers (Millions)	1.76	1.64	7.46	1.56	13.03					
Electric Meters Installed, Commercial ²	338	203	66.50	164	106.10					
Electric Meters Installed, Residential ²	1,525	763	99.87	1138	34.01					
Electricity Sales, Commercial (Millions of kWh) ²	1.41	1.42	-0.14	1.46	-2.92					
Electricity Sales, Residential (Millions of kWh) ²	0.90	1.10	-17.69	1.00	-9.27					
Existing Home Sales (US in Thousands)	6,669	5,609	18.90	6,773	-1.54	481	424	13.44	476	1.05
New Auto Registration	37,601	34,485	9.04	32,655	15.15	1,452,339	1,423,683	2.01	1,348,223	7.72
New Residential Permits Authorized	2,382	2,120	12.36	2,512	-5.18	145,295	135,080	7.56	141,655	2.57
Indexes										
Leading Index	104.3	103.9	0.38	102.7	1.53	106	106.1	-0.09	105	0.95
Help-Wanted Index	191.3	232.1	-17.57	161.7	18.36	83	89	-6.74	89	-6.74
CPI	106.7		N/A	103.6	2.99	171.3	171.2	0.06	166.2	3.07
Stock Index	229.6	232.3	-1.19	188.6	21.73	1,418.5	1,461.4	-2.93	1,332.1	6.49
Tourism										
Hotel/ Motel Occupancy Rate (%) ¹	74.6	68.3	9.22	72.4	3.04					
State Welcome Center Visitors	228,614	194,273	17.68	192,437	18.80					
Amusement & Admission Tax (Millions of Dollars)	5.95	4.21	41.24	4.98	19.46					
Hotel/Motel Sales Tax (Millions of Dollars)	3.75	3.40	10.43	2.95	27.09					

Notes:

(1) Hotel/ Motel Occupancy Rate data is for April 2000

(2) BGE data is for March 2000

Maryland Department of Business & Economic Development

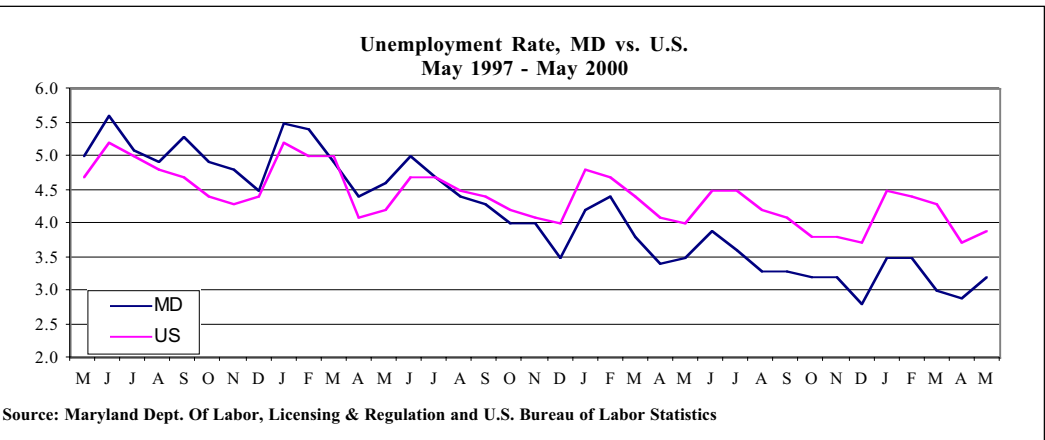


A MONTHLY REPORT ON MARYLAND'S ECONOMY

Snapshot Maryland

The pace of economic growth remains strong in Maryland and is sustainable over the near term. Maryland's growth rate is also above the national average, with the state outperforming the nation in key sectors. In those sectors, which include construction, manufacturing, transportation, communication and utilities, and trade, Maryland is outperforming the nation.

One note, however: the pace of growth has slowed, both in Maryland and in the nation. This is due in part to actions by the Federal Reserve (Fed) to raise interest rates in an effort to slowdown the pace of the current expansion and prepare the economy for a soft landing. There are indications that the rate of job growth is slowing, the housing market is weaker, and consumer demand is easing. The Fed, therefore, abstained from its much-anticipated action of raising short-term interest rates during June. Growth is expected to continue for the remainder of the year, both in Maryland and in the U.S. Also, the labor market continues to remain tight, especially in key industries and in several parts of the state. Inflationary pressures also remain. The Fed may again hike up interest rates in August.



Labor market indicators remain strong, despite increases in initial claims for unemployment insurance (UI). From May 1999 to May 2000, Maryland's labor force increased 2.7 percent, compared with a national growth rate of 1.1 percent. The number of employed persons rose nearly 3.0 percent in Maryland, nearly three times the growth rate nationally. A stronger job growth rate relative to labor force growth resulted in a drop in the state's unemployment rate from 3.5 percent to 3.2 percent.

Baltimore Sun help-wanted counts soared 18.4 percent from May 1999 to May 2000. In other strong signs of the labor market, Temporary Cash Assistance (TCA) caseload fell 10 percent over the year. However, initial UI claims increased 5.4 percent in Maryland, and increased 3.6 percent nationally.

(continued on page 4)

JULY 2000

HIGHLIGHTS

Maryland's Labor Market Outpaces Nation's

Maryland's labor force grew 2.7 percent and employment grew 3.0 percent in May. These rates were far above the U.S. average growth of 1.1 percent and 1.2 percent, respectively.

Job Growth Remains Strong and Broadbased

Maryland outpaced the nation in overall job growth, and in several key sectors including manufacturing, construction, transportation, communication and utilities, and trade.

Visitor Volume and Tax Revenues Up

Visitors to Maryland's welcome centers rose 18.8 percent over the year. Tourism-related tax revenues rose from 20 to 27 percent.



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Parris N. Glendening, Governor

Kathleen Kennedy Townsend, Lt. Governor

Richard C. Mike Lewin, Secretary, Department of Business and Economic Development

David S. Iannucci, Deputy Secretary, Department of Business and Economic Development

Rhonda Ray, Assistant Secretary, Office of Economic Policy and Legislation

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Office of Business and Economic Research

Editor, Phyllis S. Cloud

Editorial Assistance, James R. Moody

Project Development, Fereidoon Shahrokh

Contributing Editors, Pradeep Ganguly, Fereidoon Shahrokh, Roger Fujihara

Design and Modeling, Massoud Ahmadi

Graphic Design, Saundra Jones

Distribution, Elver Bell

Please address any questions or comments to Pradeep Ganguly, 410-767-6398.

Parris N. Glendening
Governor

Kathleen Kennedy Townsend
Lt. Governor

Richard C. Mike Lewin
Secretary

David S. Iannucci
Deputy Secretary

Jobs and Sectors

From May 1999 to May 2000, Maryland added nearly 63,000 net new jobs - an increase of 2.63 percent. The state's job growth rate was slightly ahead of the national average rate of 2.55 percent.

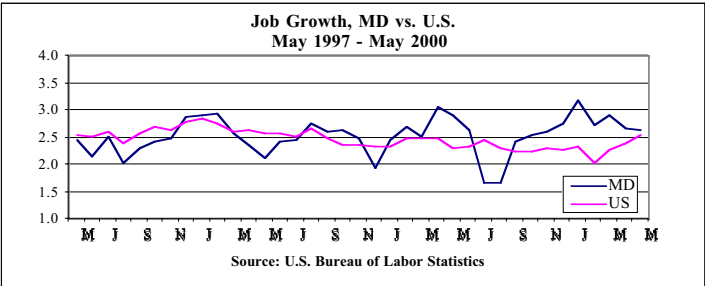
Percent Change in Jobs, May 1999 - May 2000		
	MD	U.S.
Construction	5.1	4.7
Manufacturing	0.8	-0.4
FIRE	0.1	0.6
TCU	3.5	2.4
Trade	2.2	1.8
Services	2.9	3.6
Business	3.3	5.9
Health	0.9	1.2
Government	3.1	4.5
Total	2.6	2.5

Maryland's manufacturing sector added 1,400 net new jobs during the period from May 1999 to May 2000. Nationally, the manufacturing sector lost 73,000 jobs during the year, a loss of 0.4 percent of its job base. Average weekly hours fell, both in Maryland and in the U.S. Average weekly earnings fell 1.3

percent in Maryland, but rose 2.4 percent in the U.S.

Construction, trade, services (especially business services), and transportation, communication and utilities, remain the drivers of job growth in Maryland. In many of these sectors, Maryland continues to outperform the nation.

As the table indicates, every major industry sector posted job gains in Maryland.



Other Economic Indicators

- * The state continues to enjoy an unemployment rate that is low by historical standards, and below the national average. From May 1999 to May 2000, Maryland's unemployment rate (not seasonally adjusted) fell from 3.5 percent to 3.2 percent. The U.S. unemployment rate fell to 3.9 percent from 4.0 percent a year ago.
- * Initial claims for unemployment Insurance (UI) rose 5.4 percent in May. Nationally, UI claims increased 3.6 percent. There are indications that the pace of economic growth is slowing.
- * TCA caseload fell 10 percent from May 1999 to May 2000. The number of closed cases fell 37 percent over the year.
- * The manufacturing sector added 1,400 net new jobs from May 1999 to May 2000 - a gain of 0.8 percent. Nationally, manufacturing employment fell 0.4 percent over the year.
- * In Maryland, weekly manufacturing hours fell to 40.8 from

- 42.0 a year ago, while earnings fell 1.3 percent. In the U.S., the workweek fell from 41.7 to 41.4 hours over the year, but earnings rose 2.4 percent.
- * Existing home sales fell 1.5 percent in Maryland during the past year. In the U.S., home sales rose a modest 1.0 percent.
- * New residential permits fell again in May, down 5.2 percent from a year ago. The number of housing permits rose 2.6 percent in the U.S.
- * The Baltimore Sun's help-wanted counts rose 18.4 percent from May 1999 to May 2000.
- * Baltimore-Washington International Airport reported increases of 13.0 percent in passenger traffic and 36.1 percent in cargo volume during the May 1999-May 2000 period.
- * The Maryland stock index (Sun-Bloomberg 100) continues to improve. The index was up 22 percent from May 1999 to May 2000, but is below the February high.

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FOCUS: Inflation and Interest Rates

The Consumer Price Index jumped sharply (by 0.6 percent) in June, and is up 3.7 percent from a year ago. Last month's hike reflected a rebound in energy prices, up 5.6 percent from the previous month, following declines of nearly 2 percent in both April and May. Excluding the volatile food and energy components of the index, consumer prices were up by 2.4 percent from a year ago.

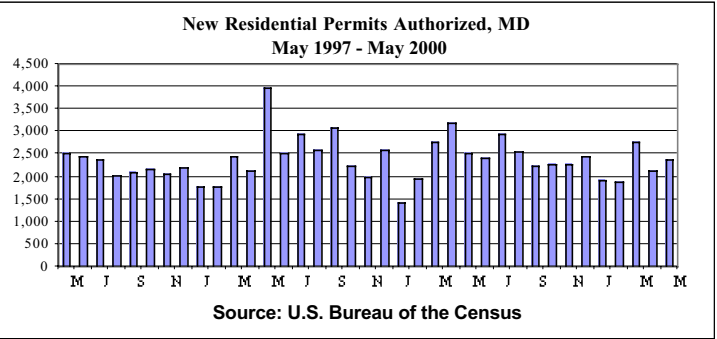
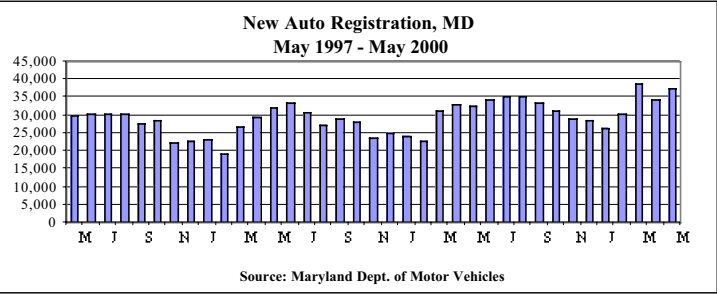
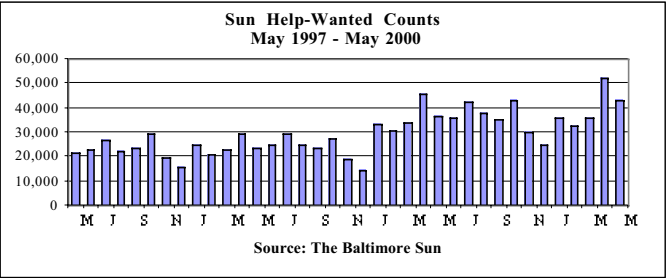
Inflation remains a concern for the Fed. The expansion of aggregate demand is still perceived as exceeding the growth in long-run, or potential, output. Tight labor markets continue to place upward pressure on labor costs and consumer spending still shows some sign of strength. Retail sales rose by 0.5 percent in June. This followed an upward revision to the figure

for May that yielded a 0.3 percent increase for that month instead of the 0.3 percent decline reported initially. Moreover, a strengthening of overseas economies would only help fuel price pressures at the wholesale and consumer levels. Import prices increased by 0.8 percent in June from the previous month.

While the Fed did not raise their interest rate target at their last meeting in June, they may be poised to do so at their next meeting in August. Policymakers still express concerns about underlying inflationary pressures, despite some signs that the economy is slowing. As of July 17, some analysts indicate that there is slightly better than a 50 percent chance that the Fed will raise interest rates.

ECONOMIC INDICATORS (continued from page 2)

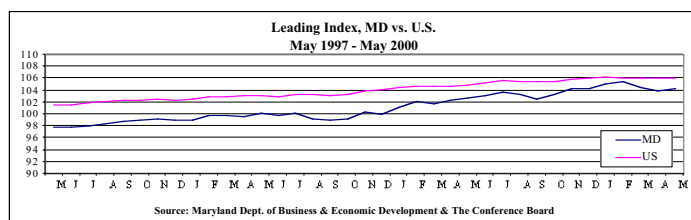
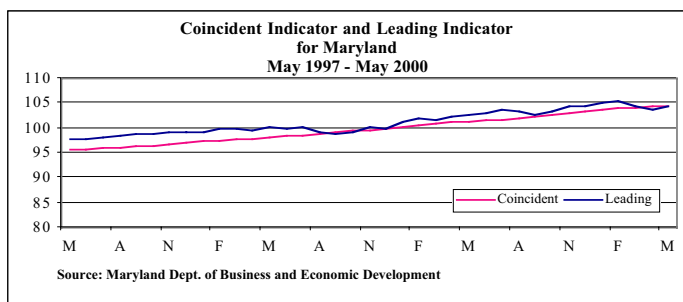
- * Automobile sales increased sharply in May, rising 15.2 percent in Maryland and 7.7 percent in the U.S.
- * Hotel occupancy rates were higher in April, the latest month for which data were available. The number of visitors to state welcome centers rose 18.8 percent from May 1999 to May 2000. Amusement and admissions tax revenues rose 19.5 percent and hotel/motel sales tax revenues rose 27.1 percent over the year.



Maryland Leading and Coincident Indices

The Maryland index of leading indicators increased to 104.3 in May from 103.9 in April, and is up from 102.7 a year ago. Only three out of the seven Maryland components were positive in May - BWI passengers, new residential permits, and help-wanted counts. However, two of the three national components were also positive. The data does not appear to be sending a strong signal that economic activity will slowdown significantly.

The coincident index rose to 104.4 in May 2000, from 104.3 a month ago and from 101.3 a year ago. Two of the three coincident index measures - nonagricultural employment and the unemployment rate - improved from a year ago. But average weekly hours in manufacturing exhibited a decrease from the same period last year. Year over year, the coincident index rose by 3 percent in May.



Maryland Leading Composite Index

Year	Month	Index	Percent Change
1997	May	97.86	1.05%
1997	Jun	97.91	0.05%
1997	Jul	98.06	0.16%
1997	Aug	98.35	0.29%
1997	Sep	98.76	0.42%
1997	Oct	98.95	0.19%
1997	Nov	99.26	0.32%
1997	Dec	99.11	-0.16%
1998	Jan	99.06	-0.04%
1998	Feb	99.74	0.68%
1998	Mar	99.75	0.02%
1998	Apr	99.55	-0.20%
1998	May	100.17	0.62%
1998	Jun	99.80	-0.37%
1998	Jul	100.20	0.41%
1998	Aug	99.30	-0.90%
1998	Sep	98.94	-0.36%
1998	Oct	99.13	0.20%
1998	Nov	100.32	1.20%
1998	Dec	100.00	-0.32%
1999	Jan	101.21	1.21%
1999	Feb	102.11	0.89%
1999	Mar	101.80	-0.30%
1999	Apr	102.30	0.49%
1999	May	102.72	0.41%
1999	June	103.14	0.41%
1999	July	103.65	0.50%
1999	Aug	103.34	-0.30%
1999	Sep	102.57	-0.75%
1999	Oct	103.41	0.82%
1999	Nov	104.25	0.81%
1999	Dec	104.36	0.10%
2000	Jan	105.01	0.62%
2000	Feb	105.50	0.47%
2000	Mar	104.59	-0.86%
2000	Apr	103.85	-0.71%
2000	May	104.29	0.42%

Source: Maryland Department of Business & Economic Development

FOCUS: Tall Ships Have Major Impact

OpSail 2000, the largest tall ship and maritime event in history, brought millions of visitors and dollars to the Baltimore region this summer.

The much-anticipated event, which lasted from June 23 through June 30, brought an estimated 1.5 million visitors to Baltimore, according to data from the Baltimore Area Convention and Visitors Association. In total, OpSail generated roughly \$55 million in direct spending and had a total economic impact on the region of \$100 million.

OpSail 2000 featured more than 30 tall ships from Europe, South America, Asia and the United States, as well as numerous cultural events, concerts and children's educational programs. The event took months of preparation by Sail Baltimore, the Mayor's Official Committee on Visiting Ships and numerous federal, state and local agencies, including the Maryland Department of Business and Economic Development. (DBED)

To help market the event, the State of Maryland, through DBED's Office of Tourism Development, awarded a \$250,000 grant to OpSail Baltimore.

The event, in terms of total economic impact, is one of the largest revenue producers this year.

Number of visitors: 1.5 million
Direct spending: \$55 million
Total economic impact: \$100 million

Source: Baltimore Area Convention and
Visitors Association

Tourism in Maryland is skyrocketing this year. According to recent figures, visitors to Maryland's Welcome Centers rose 18.8 percent, from a year ago, and tourism-related tax revenues rose from 20 percent to 27 percent. It is estimated that per year, tourism in Maryland has a total economic impact of \$7.1 billion and generates \$591 million in state and local tax revenues.

SNAPSHOT MARYLAND *(continued from page 1)*

Baltimore-Washington International Airport reported a gain of 13 percent in passenger volume from May 1999 to May 2000. Cargo volume at BWI rose 36 percent over the year. New auto registrations increased 15.2 percent in Maryland and 7.7 percent in the U.S. during the year ending in May. However, the housing sector shows signs of a slowdown, which can be attributed to higher interest rates. Existing home sales fell 1.5 percent in May and permits for new homes fell 5.2 percent.

Tourism-related data show a vibrant economy. During the one-year period from May 1999 to May 2000, the number of visitors to state welcome centers rose a strong 18.8 percent. This is remarkable growth, given that gasoline prices have been rising and remain much higher than a year ago. The hotel/motel

Labor Market Trends, May 2000 (Percent Change, May 1999-May 2000)

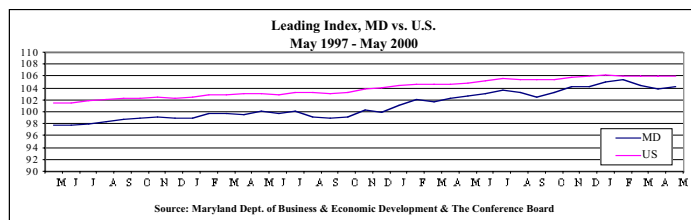
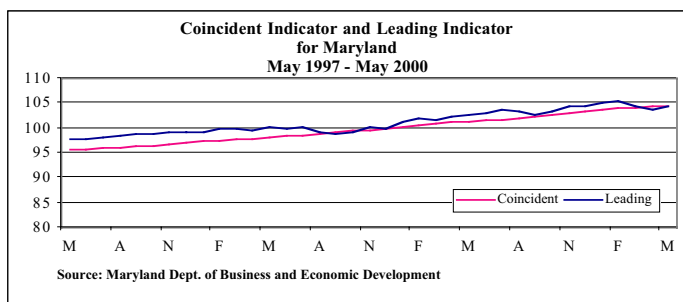
	MD	US
Growth of Civilian Labor Force	2.7	1.1
Employment by Place of Residence	3.0	1.2
Job Growth (by place of work)	2.6	2.5
Temporary Cash Assistance - Caseload	-10.2	—
Change in Initial UI Claims	5.4	3.6
Help-wanted Counts	18.4	—
Unemployment Rate (current month, %)	3.2	3.9

occupancy rate stood (April data) at 74.6 percent, above last year's level of 72.4 percent. Amusement and admissions tax revenues rose 19.5 percent from May 1999 to May 2000, while hotel sales tax revenues shot up 27 percent over the year.

Maryland Leading and Coincident Indices

The Maryland index of leading indicators increased to 104.3 in May from 103.9 in April, and is up from 102.7 a year ago. Only three out of the seven Maryland components were positive in May - BWI passengers, new residential permits, and help-wanted counts. However, two of the three national components were also positive. The data does not appear to be sending a strong signal that economic activity will slowdown significantly.

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